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*Attorneys for Ad Hoc Group of Institutional Bondholders
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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION,

Debtor.

Tax I.D. No. 94-3234914

In re:

PACIFIC GAS AND ELECTRIC COMPANY,

Debtor.

Tax I.D. No. 94-0742640

Case Nos. 19-30088 (DM)

19-30089 (DM)

Chapter 11

**OBJECTION OF AD HOC GROUP OF
INSTITUTIONAL BONDHOLDERS TO
MOTION OF DEBTORS PURSUANT
TO FED. R. BANKR. P. 1015(b) FOR
ENTRY OF ORDER DIRECTING
JOINT ADMINISTRATION OF
CHAPTER 11 CASES**

AD HOC GROUP'S OBJECTION TO
DEBTORS' MOTION DIRECTING JOINT

1 **AD HOC GROUP OF INSTITUTIONAL**
2 **BONDHOLDERS OF PACIFIC GAS AND**
3 **ELECTRIC CO.,**

4 **Objector,**

5 **-against-**

6 **PG&E CORPORATION, et al.,**

7 **Movants.**

8 The Ad Hoc Group of Institutional Bondholders (the “**Ad Hoc Group**”) of chapter 11
9 debtor Pacific Gas and Electric Co. (the “**Utility**,” and together with PG&E Corporation, the
10 “**Debtors**”) hereby submits this objection to the *Motion of Debtors Pursuant to Fed. R. Bankr. P.*
11 *1015(b) for Entry of Order Directing Joint Administration of Chapter 11 Cases* [Case No. 19-
12 30088, ECF No. 5] (the “**Motion**”).

13 The Ad Hoc Group does not oppose the joint administration of the Debtors’ chapter 11
14 cases for efficiency and procedural purposes. While the Debtors state that “[j]oint administration
15 will not adversely affect rights of parties in interest because [the] Motion requests only
16 administrative consolidation of the estates for procedural purposes,” and that “each creditor will
17 continue to hold its claim against a particular Debtor’s estate” Motion at 5:14-17, in light of
18 recent Ninth Circuit jurisprudence,¹ the proposed order should make clear the Debtors’ joint
19 administration shall not enable a joint chapter 11 plan for both Debtors to satisfy Bankruptcy
20 Code section 1129(a)(1) with an impaired accepting class for only one debtor. Put differently, the
21 Ad Hoc Group opposes joint administration unless it is clear that joint administration shall not

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23
24 ¹ *JPMCC 2007-C1 Grasslawn Lodging, LLC v. Transwest Resort Props. (In re Transwest Resort Props.)*, 881 F.3d 724 (9th Cir. 2018).

1 convert the requirement of one impaired accepting class per debtor into a requirement of only one
2 impaired accepting class per joint plan.

3 Specifically, the order granting joint administration should include the following
4 paragraph: “This Order shall not, for purposes of confirmation of a chapter 11 plan, allow the
5 plan proponent to satisfy the requirement of section 1129(a)(10) of title 11 of the United States
6 Code with less than one impaired accepting class per debtor in a joint plan for more than one
7 debtor.”

8 The two Debtors have different capital structures and different creditors. It would be
9 highly prejudicial to creditors of the Utility if the Debtors were deemed to satisfy Bankruptcy
10 Code section 1129(a)(10) by having one accepting impaired class at PG&E Corporation in a joint
11 plan, and no accepting classes at the Utility—and *vice versa*. Accordingly, the inclusion in the
12 order of the proposed paragraph is in the best interest of all stakeholders.

13 WHEREFORE the Ad Hoc Group requests that the Court (a) deny the Motion, or grant it
14 only if the order includes the additional paragraph provided above, and (b) grant the Ad Hoc
15 Group such other and further relief as is just.

16 Dated: January 29, 2019

PROSKAUER ROSE LLP

17 /s/ Martin J. Bienenstock
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CERTIFICATE OF SERVICE

I hereby certify that on January 29, 2019, I electronically filed the above Objection of Ad Hoc Group of Institutional Bondholders to Motion of Debtors Pursuant to Fed. R. Bankr. P. 1015(b) for Entry of Order Directing Joint Administration of Chapter 11 Cases with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to e-mail addresses on file with the Court's ECF System.

Dated: January 29, 2019.

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By: Lary Alan Rappaport
Lary Alan Rappaport

*Attorneys for Ad Hoc Group of Institutional
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